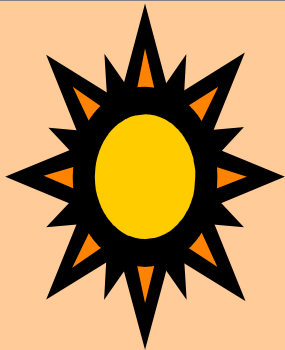


July 2002



North Dakota REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
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At the close of fiscal year 2002, general fund revenue collections are \$12.7 million behind projections. The preliminary revenue forecast released in July indicated the general fund will collect \$50 million less than had been projected in the December 2001 revenue forecast. Governor Hoeven has proposed transferring \$25 million contingency funds from the Bank of North Dakota and also enacted a 1.05 percent general fund allotment to cover the shortfall.

The national economic recovery appears to be going slowly. Real gross domestic product (GDP) gained around 3 percent in the second quarter, about half the growth experienced during the first quarter. Growth in the third quarter appears to be no better. Economy.com believes that as long as the financial markets are weak, the economic recovery will be weak. Consumers and businesses will be unwilling and unable to step up their

spending, investing and hiring until equity prices move higher and corporate bond yield spreads narrow.

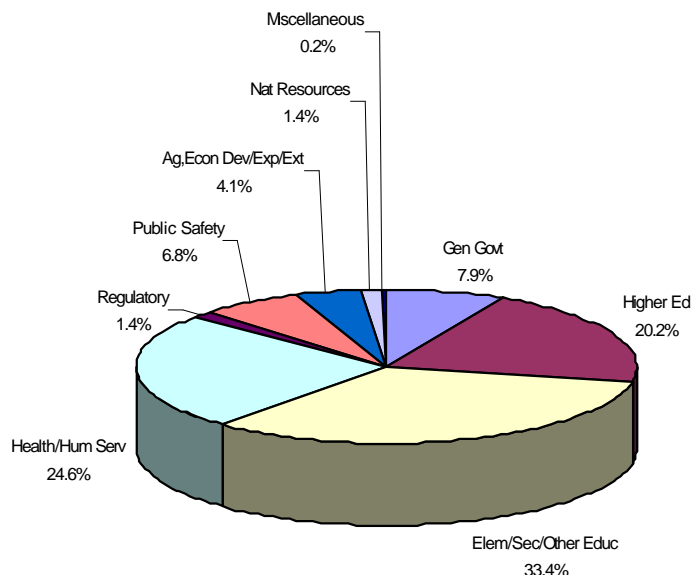
North Dakota's unemployment rate for June was 3.6 percent, up from May's unemployment rate of 2.9 percent. The United States unemployment rate for June was 5.9 percent. North Dakota employment in June showed three of the nine major industries increased, with construction showing the largest year-over-year increase. Wholesale trade had the greatest decrease.

Comments or Questions???

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FY 2002 General Fund Expenditures \$861 Million



STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
Compared to December 2001 Revised Forecast
2001-03 BIENNIUM
June 2002

REVENUES AND TRANSFERS	December 2001 Revised Forecast	FISCAL MONTH			December 2001 Revised Forecast	BIENNIUM TO DATE		
		Actual	Variance	Percent		Actual	Variance	Percent
Sales Tax	18,580,000.00	\$ 19,992,585.43	\$ 1,412,585.43	7.6%	\$ 304,957,000.00	\$ 308,664,333.18	\$ 3,707,333.18	1.2%
Motor Vehicle Excise Tax	4,714,000.00	4,586,418.50	(127,581.50)	-2.7%	58,615,000.00	60,679,674.62	2,064,674.62	3.5%
Individual Income Tax	11,624,000.00	8,124,736.24	(3,499,263.76)	-30.1%	215,809,000.00	196,757,091.47	(19,051,908.53)	-8.8%
Corporate Income Tax	11,439,000.00	6,533,324.58	(4,905,675.42)	-42.9%	48,814,000.00	41,374,297.25	(7,439,702.75)	-15.2%
Insurance Premium Tax	2,500,000.00	1,017,191.29	(1,482,808.71)	-59.3%	19,896,000.00	23,347,203.94	3,451,203.94	17.3%
Financial Institutions Tax	24,000.00	(1,012,797.96)	(1,036,797.96)	-4320.0%	2,400,000.00	2,565,548.04	165,548.04	6.9%
Oil & Gas Production Tax	1,745,000.00	2,277,878.24	532,878.24	30.5%	18,480,000.00	20,530,727.44	2,050,727.44	11.1%
Gaming Tax	58,000.00	983,346.43	925,346.43	1595.4%	11,474,555.00	13,737,222.01	2,262,667.01	19.7%
Interest Income	2,584,000.00	2,269,917.56	(314,082.44)	-12.2%	7,399,056.00	5,529,691.80	(1,869,364.20)	-25.3%
Oil Extraction Tax	1,066,000.00	882,099.09	(183,900.91)	-17.3%	11,326,000.00	10,466,737.21	(859,262.79)	-7.6%
Cigarette & Tobacco Tax	1,725,000.00	1,689,535.31	(35,464.69)	-2.1%	19,709,000.00	20,167,581.74	458,581.74	2.3%
Departmental Collections	2,200,000.00	1,952,780.41	(247,219.59)	-11.2%	25,566,130.00	28,311,890.73	2,745,760.73	10.7%
Wholesale Liquor Tax	527,263.00	498,388.80	(28,874.20)	-5.5%	5,436,114.00	5,493,782.37	57,668.37	1.1%
Coal Conversion Tax	2,087,000.00	2,010,680.60	(76,319.40)	-3.7%	24,027,000.00	23,328,501.73	(698,498.27)	-2.9%
Mineral Leasing Fees	32,500.00	250,777.47	218,277.47	671.6%	2,832,873.00	2,979,584.68	146,711.68	5.2%
Bank of North Dakota-Transfer	15,000,000.00	15,000,000.00			30,000,000.00	30,000,000.00		0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	681,696.00	681,696.00	-	0.0%
Other Transfers		14,924.84	14,924.84	100.0%		85,309.31	85,309.31	100.0%
Total Revenues and Transfers	75,905,763.00	67,071,786.83	(8,833,976.17)	-11.6%	807,423,424.00	794,700,873.52	(12,722,550.48)	-1.6%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
2001-03 BIENNIUM
JUNE 2002

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	June 2000	June 2002	Variance	Percent	1999-01	2001-03	Variance	Percent
Sales Tax	\$ 22,647,346.35	\$ 19,992,585.43	\$ (2,654,760.92)	-11.7%	\$ 300,161,047.36	\$ 308,664,333.18	\$ 8,503,285.82	2.8%
Motor Vehicle Excise Tax	5,370,109.98	4,586,418.50	(783,691.48)	-14.6%	55,271,957.78	60,679,674.62	5,407,716.84	9.8%
Individual Income Tax	10,773,692.32	8,124,736.24	(2,648,956.08)	-24.6%	197,101,324.50	196,757,091.47	(344,233.03)	-0.2%
Corporate Income Tax	9,271,931.05	6,533,324.58	(2,738,606.47)	-29.5%	47,528,001.38	41,374,297.25	(6,153,704.13)	-12.9%
Insurance Premium Tax	3,428,374.15	1,017,191.29	(2,411,182.86)	-70.3%	21,893,969.99	23,347,203.94	1,453,233.95	6.6%
Financial Insitutions Tax	23,495.00	(1,012,797.96)	(1,036,292.96)	-4410.7%	2,382,211.16	2,565,548.04	183,336.88	7.7%
Oil & Gas Production Tax	2,462,109.63	2,277,878.24	(184,231.39)	-7.5%	21,062,999.34	20,530,727.44	(532,271.90)	-2.5%
Gaming Tax	511,390.52	983,346.43	471,955.91	92.3%	13,176,646.30	13,737,222.01	560,575.71	4.3%
Interest Income	3,370,601.85	2,269,917.56	(1,100,684.29)	-32.7%	9,293,945.97	5,529,691.80	(3,764,254.17)	-40.5%
Oil Extraction Tax	1,221,036.99	882,099.09	(338,937.90)	-27.8%	12,713,570.42	10,466,737.21	(2,246,833.21)	-17.7%
Cigarette & Tobacco Tax	1,911,092.32	1,689,535.31	(221,557.01)	-11.6%	21,341,733.59	20,167,581.74	(1,174,151.85)	-5.5%
Departmental Collections	1,728,838.03	1,952,780.41	223,942.38	13.0%	21,248,341.79	28,311,890.73	7,063,548.94	33.2%
Wholesale Liquor Tax	1,033,516.60	498,388.80	(535,127.80)	-51.8%	5,430,522.74	5,493,782.37	63,259.63	1.2%
Coal Severance Tax	901,426.52	0.00	(901,426.52)	-100.0%	11,206,459.05		(11,206,459.05)	-100.0%
Coal Conversion Tax	1,095,391.12	2,010,680.60	915,289.48	83.6%	12,490,737.33	23,328,501.73	10,837,764.40	86.8%
Mineral Leasing Fees	280,023.60	250,777.47	(29,246.13)	-10.4%	3,566,924.41	2,979,584.68	(587,339.73)	-16.5%
Bank of North Dakota-Transfer		15,000,000.00			15,000,000.00	30,000,000.00	15,000,000.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer			-	0.0%	690,304.00	681,696.00	(604,994.69)	-87.6%
Other Transfers	(30,749.00)	14,924.84	45,673.84	100.0%	1,858,651.23	85,309.31	1,773,341.92	95.4%
Total Revenues and Transfers	65,999,627.03	67,071,786.83	1,072,159.80	1.6%	773,419,348.34	794,700,873.52	21,281,525.18	2.8%

Revenue Variances

The following comments are based on June revenue collections compared to the December 2001 revised revenue forecast.

Sales tax collections exceeded projections in June by \$1.4 million or 7.6 percent. Biennium-to-date receipts are \$3.7 million or 1.2 percent ahead of projections.

Motor vehicle excise tax collections fell short of projections by \$127,582, which brings the biennium-to-date collections to \$2.1 million or 3.5 percent ahead of collections.

Individual income tax collections fell below forecast by \$3.5 million or 30.1 percent. Biennium-to-date collections are \$19.1 million or 8.8 percent below projections after the first full year of the biennium. The shortfall is the result of increased capital losses and a large decrease in capital gains realized.

Corporate income tax collections fell below projections in June by \$4.9 million or 42.9 percent, which brings the biennium-to-date collections to \$7.4 million or 15.2 percent short of projections.

Insurance premium tax collections fell below forecast by \$1.5 million or 59.3 percent. This monthly shortfall is merely the result of the timing of the collections in the last two months. The biennium-to-date collections are \$3.5 million or 17.3 percent ahead of projections, the result of increased insurance premiums.

Oil and gas production tax collections exceeded projections by \$532,878 or 30.5 percent while oil extraction tax collections fell below forecast by \$183,901. Once again, the price of oil continues to be strong resulting in good production tax collections, however, because of various exemptions allowed for the extraction tax, it continues to lag the production tax.

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